

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0797-01  
Bill No.: HB 169  
Subject: Elderly; Department of Social Services- Pharmaceutical assistance program within the Division of Aging.  
Type: Original  
Date: February 23, 2001

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(\$3,683,064)	(\$20,167,922)	(\$22,976,555)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$3,683,064)</b>	<b>(\$20,167,922)</b>	<b>(\$22,976,555)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 12 pages.

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## **FISCAL ANALYSIS**

### ASSUMPTION

Officials from the **Office of State Courts Administrator, Department of Conservation, Missouri Consolidated Health Care Plan, Department of Public Safety - Missouri Highway Patrol, and Office of Attorney General** stated the proposed legislation would not fiscally impact their organizations.

Officials from the **Department of Highway Transportation(DHT)** stated the legislation will have no impact on the DHT. However, they stated, assuming that eligible citizens for this program drop the Highway and Patrol Medical Plan coverage and the Medical Plan maintains coverage on only those individuals that are high users of the Medical Plan, there could be an impact to the Medical Plan. Without being able to predict whether or not these individuals will drop or retain their coverage with the Medical Plan, we are unable to estimate an impact on the Medical Plan at this time.

Officials from the **Department of Social Services - Division of Data Processing (DDP)** stated the proposed legislation would not significantly alter the cost for development or operation of an automated system from the costs stated in their response for a similar piece of legislation introduced in the current session (SB 106). In the similar piece of legislation, the DDP anticipated costs of \$139,105 for FY 02 for 3 FTE, fringe benefits, and additional equipment and expenses (10 months); \$171,105 for FY 03; and \$175,382 for FY 04.

Officials from the **Department of Social Services - Division of Aging (DA)** stated that according to Population Census data, approximately 771,000 of 5,117,073 Missouri residents are age 65 or older. The DA also stated that according to the Department of Revenue, for calendar year 1999, there are 318,596 individuals with a filing status of single or married filing separately and 130,820 with a filing status of married filing combined received a pharmaceutical tax credit ( $318,596 + 130,820 = 449,416$  total pharmaceutical tax credits).

According to the AARP Public Policy Institute (Report #9914, September, 1999), outpatient prescription drugs are not covered under Medicare and represent a substantial out-of-pocket burden for many seniors. Approximately one-third of seniors that have Medicare have no form of supplemental drug coverage and those that do have coverage still face burdensome out-of-pocket expenses due to inadequate coverage. The study estimates that seniors may spend as much as 30% of their annual income on out-of-pocket drugs alone, depending on their social, economic, and health conditions. The study stated the following conclusions:

### ASSUMPTION (continued)

1. Private sector drug coverage is often inadequate; 25% of the Medicare beneficiaries spend \$500 or more out-of-pocket on drugs in a given year:
  - 22% spend less than \$1.00 per year.
  - 34% spend \$1 - \$199 per year.
  - 19% spend \$200 - \$499 per year.
  - 13% spend \$500 - \$999 per year.
  - 12% spend \$1,000 + per year.
2. Beneficiaries with the highest out-of-pocket drug spending are disproportionately those who have individual supplemental coverage; 42% of beneficiaries spending at or over \$1,000 have some type of drug coverage.
3. Beneficiaries with modest incomes (135% - 200% of poverty) have higher than average out-of-pocket drug spending; and,
4. Low-income beneficiaries (those with income below poverty) spend 9% of their income for drugs and those without Medicaid (about 45% of low-income Medicare beneficiaries do not have Medicaid) spend 13% of their income on drugs alone.

For the purpose of this bill, the DA feels it is reasonable to extrapolate the following assumptions using information available regarding prescription expenditures:

**Program Authority:**

The DA will create a pharmaceutical assistance program to provide reimbursement to seniors age 65 or over who:

- have an adjusted gross income (Section 62 of US Internal Revenue Code) of two times the federal poverty level for a family of two (\$22,500) or less;
- have assets valued at \$350,000 or less;
- spend six hundred dollars or more annually on prescription drugs.

The DA assumes that the recipient will need to offer proof of the previous year's Federal taxable income. In the event that taxes are not filed by the applicant, the DA will be responsible for determining eligibility for participation based on the language contained in Section 62 of US Internal Revenue Code. The DA assumes that there is no reimbursement for the first \$600 of prescription drug expenses paid by the senior. The DA also assumes that all pharmaceuticals prescribed by a physician are eligible for inclusion in computing the deductible and issuing the reimbursement and that this will include out-of-pocket co-pay and deductibles from private insurance. The DA assumes that almost all of the individuals qualifying for the pharmaceutical tax credit in FY1999 would also qualify for participation in the pharmaceutical assistance program. Individuals or married couples qualified for the 1999 pharmaceutical tax credit if their ASSUMPTION (continued)

adjusted gross income was less than \$25,000 (full tax credit if income was \$15,000 or less; credit

reduced by \$2 for every \$100 income exceeds the \$15,000 limit). Since two times the federal poverty level is \$22,500 and the pharmaceutical tax credit limit was \$25,000, the DA assumed that an estimated 10% of those qualifying for the tax credit would have incomes between \$22,500 and \$25,000 and therefore, would not qualify for the pharmaceutical assistance program. The DA assumes that of the 130,820 married filing combined pharmaceutical tax credits, either only one or both of the individuals may be 65 years of age or older. For the purposes of this fiscal note, we have assumed that 1.5 persons qualify.

The AARP Report statistics included a spending breakout of \$500 - \$999 and a breakout for those spending \$1,000 or more. The proposed legislation requires reimbursement of prescription drug expenditures over \$600. For purposes of this fiscal note, we have assumed an equal distribution within the breakout of \$500 - \$999.

The DA will reimburse qualified recipients 75% of the amount they actually spend on pharmaceuticals for a maximum of \$1,000.

**Potential Eligibles:**

The DA has estimated the qualified recipients assuming that percentages of out-of-pocket prescription costs are transferable to the population within the qualifications of this bill. Based on the findings of AARP, the DA has calculated the group of potential eligibles:

Number of individuals or married filing separately	318,596
Number of married filing combined (130,820 x 1.5)	<u>196,230</u>
Total minimum number seniors meeting eligibility	514,826
Less 10% with incomes between \$22,500 and \$25,000	<u>51,483</u>
Adjusted minimum number seniors meeting eligibility	463,343
12% Individuals spending \$1,000 or more out-of-pocket on prescription drugs	55,601
10.4% Individuals spending \$600-\$999 or more out-of-pocket on prescription drugs	<u>48,188</u>
Projected potential eligibles	103,789

Because there is a presumption that pharmaceuticals are a burdensome expense to seniors who do not otherwise qualify for medical assistance, it is reasonable to estimate a participation rate of 75% for qualified individuals.

Projected minimum potential eligibles	103,789
Projected 75% Participation Rate	77,842

ASSUMPTION (continued)

**Note:** The above number is an estimate of the potential eligibles. This number is based upon the

number of individuals applying for the pharmaceutical tax credit and may not include all individuals eligible for the credit.

### **Reimbursement Costs Paid to Participants:**

The DA states that utilizing the information from the AARP findings, reimbursement for out-of-pocket expenditures show 77,842 of the total adjusted eligibles (463,343) will qualify for reimbursement. The AARP report reflects that 13% of Medicare beneficiaries expended \$500 - \$999 out-of-pocket for prescription drugs. The expenditure minimum for this proposal is \$600; therefore, the breakout was adjusted to \$600 - \$999 by assuming an equal distribution within the category ( $13\% \times .80$  or 10.4%).

The DA estimates that 10.4% spend between \$600 and \$999 on prescription drugs. The DA also estimates that 12% spend more than \$1,000 on prescription drugs. Therefore, of the eligible population, 46% [ $10.4\% / (10.4\% + 12\%)$ ] will spend between \$601 - \$999; and 54% [ $12\% / (10.4\% + 12\%)$ ] will spend \$1,000 or more. Of the participating minimum eligibles, 35,807 ( $77,842 \times 46\%$ ) will spend between \$601 and \$999 per year and 42,035 ( $77,842 \times 54\%$ ) will spend in excess of \$1,000 per year for out-of-pocket prescription drugs.

The DA officials state reimbursement will be issued at 75% of cost for a maximum of \$1,000 per year. Assuming no reimbursement for the first \$600, the state will reimburse a minimum of \$.75 for a senior spending \$601 to a maximum of \$1,000 for a senior spending \$1,934 or more on pharmaceuticals ( $\$1,934$  less \$600 non-reimbursable at 75% = \$1,000).

Projected participating seniors spending between \$601 & \$999 per year:		
35,807 participants x average reimbursement of \$150 =		\$ 5,371,050
Projected participating seniors spending over \$1,000 per year:		
42,035 participants x average reimbursement of \$650 =		<u>\$27,322,750</u>
Total Projected Annual Reimbursement Costs		\$32,693,800

### **Administrative Costs Paid to Pharmacies:**

Currently, there are over 2,400 Medicaid participating pharmacies in the state of Missouri. The DA assumes that the administrative costs associated with claim submission is applied to the amount of prescriptions eligible for reimbursement. Because recipients have multiple claims throughout the year, the DA anticipates that the majority of the claim submission will be provided as a service by the pharmacy. Therefore, it is reasonable to apply an administrative cost

#### ASSUMPTION (continued)

of 2% of the anticipated reimbursement. Administrative costs (2%) for pharmacies will be based on claims eligible for inclusion in the program (rather than all claims submitted). The payment

for administrative costs will be issued to the pharmacy.

Projected Annual Administrative Costs on \$32,693,800 @ 2% = \$653,876

The DA anticipates a twelve (12) month phase-in before reaching full participation, reaching a 50% reimbursement rate by the end of FY02 and a full participation rate by half way into FY03. FY03 and FY04 costs include a 4% inflation adjustment for pharmaceutical reimbursements.

### **Staff and Program Oversight:**

The DA will establish a program unit to determine eligibility and process claims for the pharmaceutical program. A Social Services Manager B1 will be needed to provide program development, administer and provide oversight to the program and eligibility determinations, supervise staff, ensure accountability and monitor the outcome of the program. One (1) Clerk Typist III position will be needed to provide necessary support to the Social Services Manager. The program unit will be divided into two sections, the Claims Processing section and the Eligibility Determination section; all staff will be located in Jefferson City.

The DA states that based on information obtained from MOSERS in regard to cafeteria plan claims processing, the DA assumes that approximately 120 claims for reimbursement can be processed per day. The Claims Processing section will require 158 Account Clerk II positions [77,842 claims x 4.68 claims submitted per person per month x 12 months/120 claims processed per day/230 days per year (on average, one staff person works 1,840 hours per year based on 2,080 standard hours per year less 104 hours for holidays, 96 hours for annual leave and 40 hours for sick leave)]. The Account Clerk IIs will review claims, examine invoices prior to payment to determine propriety of expenditures by checking mathematical facts and comparing units invoiced to units received, maintain records of individual charges, track cap limits on individuals, authorize reimbursement for claims, monitor claims, provide feedback to the recipients, calculate administrative allowance for participating pharmacies and monitor reimbursement.

The Eligibility Determination section will be staffed by 8 eligibility Case Workers (77,842 eligibles x 15% random sampling income & asset verification = 6,934 eligibles at an average of 6 cases per day/230 days per year). Based on information from the Division of Family Services, an eligibility and restitution worker can process an average of six (6) cases per day due to the amount of work involved. (If the workers had to conduct income and asset verification on every client then it would result in a need for 56 Case Workers (77,842 eligibles/6 cases per day/230 days per year = 56.4.) The eligibility Case Workers will provide program assistance to agency clients, determine initial and continuing eligibility for recipients of pharmaceutical assistance  
ASSUMPTION (continued)

reimbursement, verify information received from clients, and conduct income and asset verification. The clients will be asked to sign attestations to the facts that their adjusted annual gross income is less than twice the poverty level and the Eligibility Caseworkers will conduct a

verification based on a 15% random sample of cases.

Claims may be submitted by the recipient or the pharmacy, however, the DA assumes that reimbursement will be made to the recipient. Based on the assumption that each pharmacy or recipient will continue to request reimbursement for pharmaceutical expenses on a claim-by-claim basis, the DA will be required to process payments continuously once eligibility has been established. It is reasonable to assume the state has the authority to reimburse recipients on a monthly basis.

The DA assumes, based on historical information, an additional unknown number of individuals will apply for benefits that are not actually eligible for program participation and this will also require review of caseworkers. The DA will also create attestation forms for those persons who do not file a tax return but who are still eligible for the credit. The new DA staff will be brought on over a period of twelve months. To ensure worker oversight, a supervisor to worker ratio of 1:10 will be necessary. One (1) Aging Program Specialist I position in the Eligibility Determination unit will be needed to supervise the case workers and ensure program accountability and one (1) Clerk Typist II position will be needed to provide general clerical support to the unit and the supervisor. The Claims Processing Unit will need 16 Accountant I positions to supervise and review the work of approximately 158 Account Clerk II positions each and three (3) Clerk Typist II positions will be needed to provide support to the 16 Accountant I positions. Two (2) Accountant III positions will be needed to supervise and review the work of the Accountant I positions and to assist the Social Services Manager in designing and implementing the claims reimbursement process and two (2) Clerk Typist III positions will be needed to provide necessary support to the Accountant III positions.

In addition to standard costs, all new staff will need systems furniture at a cost of \$4,500 per FTE and network compatible desktop PCs at a cost of \$2,099 per FTE. In addition twenty-two (22) laser printers will be needed for the 193 new staff to share at a cost of \$2,050 per printer.

### **Forms and Mailing:**

The DA will develop brochures regarding the program, applications, approval letters and reimbursement requests. Although there is a very large pool of potential recipients, it is unknown how many will request information or applications. The division is calculating mailing and printing costs using the potential pool of eligible participants (103,789) as those that will request brochures and applications.

### ASSUMPTION (continued)

Brochures at a cost of \$0.35 each (103,789 x .35)	\$ 36,326
Forms at a cost of \$.20 per applicant (103,789 x .20)	\$ 20,758
Anticipated Mailing Costs at \$.50 per applicant (103,789 x .50)	<u>\$ 51,895</u>

Total

\$108,979

Based on previous experience, the following amounts represent the average annual expense of an FTE:

- Rent (Statewide Average) - \$2,700 per FTE (\$13.50 per sq. ft. x 200 sq. ft.)
- Utilities - \$320 per FTE (\$1.60 per sq. ft. x 200 sq. ft.)
- Janitorial/Trash - \$200 per FTE (\$1.00 per sq. ft. x 200 sq. ft.)
- Other Expenses - \$3,906 per FTE (includes travel, office supplies, professional development, telephone charges, postage and all other expenses not itemized above.)

FY02 costs for staff and the associated expense and equipment costs are based on a phase-in of the program with costs for the Social Services Manager position, the Aging Program Specialist I position, the Clerk Typist III position, one (1) clerk typist II and approximately one-half of the supervisors, caseworkers, accountants, account clerks and clerical support and costs for forms and mailing based on the six month period January 1, 2002 through June 30, 2002. FY03 costs are based on the remaining staff starting July 1, 2002. FY03 and FY04 costs include a 3.0% inflation adjustment for expense & equipment costs and a 2.5% inflation adjustment for personal services.

**Note:** The above printing, mailing, staffing and expense and equipment costs would increase if the estimated number of eligibles increases. The estimated number of the potential eligibles is based upon the number of individuals applying for the pharmaceutical tax credit and may not include all individuals eligible for the credit.

**Oversight** assumes the number of eligibles used by the DOS - DA is incorrect. Per the 1999 Statistical Abstract of the United States (Table 744 - Money Income of Households - Distribution, by Income Level and Selected Characteristics: 1997), there are approximately 12,554,000 households age 65 and over with incomes less than \$25,000 in the United States. Since the Statistical Abstract does not provide information specific to two times the poverty level (\$22,500), we are assuming that the number of individuals not eligible under the proposed legislation (incomes between \$22,500 and \$25,000) will have a minimal impact on the overall cost calculations. Therefore, Oversight assumes that Missouri is 1.9% of the national total, or 238,526 households. Oversight assumes an average of 1.5 individuals per household or 357,789 individuals age 65 and over in Missouri. Approximately 77,000 Medicaid eligible individuals would reduce the 357,789 to 280,789 eligible individuals. Oversight assumes 12% (280,789 x 12% = 33,695) of all eligible individuals are spending out-of-pocket \$1,000 or more per year. ASSUMPTION (continued)

Oversight further assumes that 42% (33,695 x 42% = 14,152) of these eligible individuals spending at or over \$1,000 have some type of drug coverage. Therefore, the number of eligible individuals for this program would be 266,637 (280,789 - 14,152). Oversight projects the potential eligibles as follows:



12% Individuals spending \$1,000 or more out-of-pocket on prescription drugs	31,996
10.4% Individuals spending \$600-\$999 or more out-of-pocket on prescription drugs	<u>27,730</u>
Projected potential eligibles	59,726
Projected 75% Participation Rate	44,795

Oversight assumes 20,606 (44,795 x 46%) will spend between \$601 - \$999 per year and 24,189 (44,795 x 54%) will spend in excess of \$1,000 per year for out-of-pocket drug, medical supplies, and medical assistive technology devices costs. Oversight projects the following program costs:

Projected participating seniors spending between \$601 & \$999 per year:	
20,606 participants x average reimbursement of \$150	\$3,090,900
Projected participating seniors spending over \$1,000 per year:	
24,189 participants x average reimbursement of \$650	<u>\$15,722,850</u>
Total Projected Annual Reimbursement Costs	\$18,813,750

**Oversight** assumes pharmaceutical reimbursements would begin on January 1, 2002.

**Oversight** projects pharmacy administrative costs to be \$376,275 (\$18,813,750 x 2%).

**Oversight** assumes that the pharmacies would elect to file all claims for eligible participants. Oversight assumes that the DA would limit pharmacies to filing once a month per eligible participant. Therefore, Oversight assumes one Social Services Manager, one Aging Program Specialist, two Clerk Typist III, forty-seven Account Clerk IIs, five Accountant Is, twelve Caseworker IIs, one Accountant III, and two Clerk Typists IIs.

**Oversight** further assumes the following brochure, forms, and mailing costs associated with the 59,726 projected eligibles:

Brochures at a cost of \$0.35 each (59,726 x .35)	\$ 20,904
Forms at a cost of \$.20 per applicant (59,726 x .20)	\$ 11,945
Anticipated Mailing Costs at \$.50 per applicant (59,726 x .50)	<u>\$ 29,863</u>
Total	\$ 62,712

Officials from the **Department of Social Services - Division of Legal Services (DLS)** stated for the 2000 General Assembly, the DA projected that roughly 103,789 persons are in the "eligible universe" for this program. Should the DA make a change in this eligible universe, that change ASSUMPTION (continued)

would change the other assumptions made in this fiscal note accordingly. In addition, should the DA change its estimate of the eligible universe, the fiscal note from the DLS will be amended. Officials from the DLS stated that assuming 103,789 persons are in the eligible universe, it is further assumed that at least 10% of those persons, or 10,378, will be turned down for

participation in this program. Assuming that 10 % of the persons turned down for participation choose to appeal that decision, the DLS would have approximately 1,037 new appeal cases per year to work through its Litigation Unit. The DLS estimates it will require 16 hours per case (in attorney time only); therefore, DLS will need staff to work approximately 16,592 hours of attorney time (16 hours per case x 1,037 cases). The DLS attorneys have a work year of 2,080 hours/attorney year. The DLS anticipates that it would require 8 additional full time attorneys to handle the additional appellate workload (16,592 hours/2080 per attorney-year = 7.97 new attorneys). Using a ratio of 1 FTE support staff for every 2 attorneys results in 4 new FTE support staff that would be required to handle the increased workload.

**Oversight** assumes the DLS could provide the necessary services with 5 Attorney and 2 Clerk Typist III FTE. Oversight also assumes that since the DA plans to have approximately one-half of its staff in place for the six months from January 1, 2002 through June 30, 2002, that the DLS would also phase-in its additional staff, hiring approximately one-half of the new FTE for the 6 months January 1, 2002 through June 30, 2002.

Officials for the **Department of Social Services - Division of Budget and Finance (DBF)** stated of the 77,842 individuals estimated by the DA to participate, it is assumed that 54% (42,034) will have an average of 2.5 claims each year which exceed the threshold and, therefore, will require 105,085 checks to be issued. The DBF also assumed that 46% of the 77,842 estimated participants (35,807) would submit an average of 7 claims each year which exceed the threshold and, therefore, will require 250,651 checks to be issued. Averaging the 355,736 (105,085 + 250,651) claims paid over twelve months, the DBF would produce about 29,644 checks a month. The DBF further assumes that with postage, envelopes, check stock, and handling, it will cost 39 cents per piece to produce and mail these checks.

The DBF officials assumed that the DA will process all initial paper claims and input the data into a data base so that the information will be submitted to the DBF in electronic form. It is further assumed that the DA will be given authority to issue its own checks so that the DBF will be able to submit the transaction to the Division of Accounting on a single covering warrant. Within the DBF, this process is similar to the current Medicaid system in which a contractor submits an electronic file for coding and approval of about 15,000 checks a month. Currently one accountant II does the coding, approval and covering warrants for the Medicaid system. Because there will only be one category of payee, it is assumed this will be simpler and that one accountant I could perform the same tasks for this program.

**Oversight** assumes that since the DA plans to have approximately one-half of its staff in place for the six months from January 1, 2002 through June 30, 2002, that the DBF would hire its ASSUMPTION (continued)

additional staff and send out pharmaceutical reimbursement checks only for the 6 months January 1, 2002 through June 30, 2002.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (6 Mo.)	FY 2003	FY 2004
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**GENERAL REVENUE FUND**

Costs - Department of Social Services -

Division of Data Processing

Personal Service (3 FTE)	(\$56,475)	(\$115,775)	(\$118,669)
Fringe Benefits	(\$18,823)	(\$38,588)	(\$39,552)
Total <u>Costs</u> - Division of Data Processing	(\$75,298)	(\$154,363)	(\$158,221)

Costs - Department of Social Services -

Division of Aging

Personal Service (33 FTE)	(\$264,753)	(\$900,579)	(\$923,093)
Fringe Benefits	(\$88,242)	(\$300,163)	(\$307,667)
Equipment and Expenses	(\$274,957)	(\$420,792)	(\$316,011)
Pharmaceutical Reimbursements	(\$2,789,545)	(\$17,878,707)	(\$20,755,931)
Total <u>Costs</u> - Division of Aging	(\$3,417,497)	(\$19,500,241)	(\$22,302,702)

Costs - Department of Social Services -

Division of Legal Services

Personal Service (5 FTE)	(\$64,446)	(\$226,927)	(\$232,599)
Fringe Benefits	(\$21,480)	(\$75,635)	(\$77,525)
Equipment and Expenses	(\$35,835)	(\$85,709)	(\$76,923)
Total <u>Costs</u> - Division of Legal Services	(\$121,761)	(\$388,271)	(\$387,047)

Costs - Department of Social Services -

Division of Budget and Finance

Personal Service (1 FTE)	(\$15,480)	(\$31,733)	(\$32,526)
Fringe Benefits	(\$5,159)	(\$10,577)	(\$10,841)
Equipment and Expenses	(\$47,869)	(\$82,737)	(\$85,218)
Total <u>Costs</u> - Division of Budget and Finance	(\$68,508)	(\$125,047)	(\$128,585)

Total <u>Costs</u> - Department of Social Services	(\$3,683,064)	(\$20,167,922)	(\$22,976,555)
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**ESTIMATED NET EFFECT ON  
GENERAL REVENUE FUND**

<u>(\$3,683,064)</u>	<u>(\$20,167,922)</u>	<u>(\$22,976,555)</u>
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FISCAL IMPACT - Local Government

FY 2002 (10 Mo.)	FY 2003	FY 2004
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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### FISCAL IMPACT - Small Business

The proposed legislation could potentially increase revenues to those pharmacies meeting the definition of small businesses. In addition, the pharmacies could incur additional administrative expenses associated with filing claims, etc. The potential impact is unknown.

### DESCRIPTION

This bill establishes a senior citizen pharmaceutical assistance program within the Division of Aging for individuals age 65 or older who have an annual household income not exceeding two times the federal poverty level for a family of 2 and who have assets of \$350,000 or less. Eligible seniors may apply for assistance after their actual prescription expenditures exceed \$600 for the year. Within the amount appropriated for this program, the division is to reimburse eligible seniors for 75% of the amount of their pharmaceutical expenditures, not to exceed \$1,000 per year. Pharmacies may submit a claim on behalf of an eligible senior and may add 2% to the total charged to cover their administrative costs. The division is to prepare appropriate forms and is authorized to promulgate rules to implement this program. Persons who violate the provisions of the bill or who permit or encourage such violations are guilty of a class C felony if the amount involved is \$750 or more, and guilty of a class D felony if the amount involved is less than \$750 but more than \$500.

This legislation is not federally mandated, would not duplicate any other program. The legislation would result in the need for additional capital improvements or rental space.

### SOURCES OF INFORMATION

Department of Social Services  
Office of State Courts Administrator  
Office of Attorney General  
Missouri Department of Transportation  
Department of Conservation  
Missouri Consolidated Health Care Plan



Jeanne Jarrett, CPA  
Director  
February 23, 2001